

97-84108-6

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Some things to think about

[S.I.]

[1910?]

97-84/08-6

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	Fest: 0	DtSt: s
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		Dates: 1910, +

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 - 4 007 h v b d v d a v e f v f a--- v g b v h a v i b v j p +  
 - 5 049 PR1A +  
 - 6 100 1 Perkins, George W. +  
 - 7 245 10 Some things to think about v h [microform] : v b address / v c by  
 George W. Perkins. +  
 - 8 260 [S.l. : v b s.n., v c 1910?] +  
 - 9 300 14 p. ; v c 23 cm. +  
 - 10 500 "The Graduate School of Business Administration, Harvard  
 University, April 15, 1910." +

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## TECHNICAL MICROFORM DATA

FILM SIZE: 35mmREDUCTION RATIO: 10:1IMAGE PLACEMENT: IA (IIA) IB IIBDATE FILMED: 6-4-97INITIALS: PBTRACKING #: 20721

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

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SOME THINGS TO THINK ABOUT

ADDRESS BY

GEORGE W. PERKINS

THE GRADUATE SCHOOL OF BUSINESS  
ADMINISTRATION  
HARVARD UNIVERSITY

APRIL 15, 1910

## SOME THINGS TO THINK ABOUT

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All I shall attempt in this address will be to call your attention, in a homely way, to some vital things in regard to business conditions in the United States to-day which may set you thinking; things which, from my observation, have not been thought about to the extent that they should be.

The past quarter of a century has been pre-eminently a period of the triumph of thought—the triumph of mind over matter. Many devices have helped to reduce the drudgery done by human beings with their hands. Many forms of manual labor have been supplanted by inventions that have made work much easier. This has been due to the growth and development of the human mind; to its ability to reach out and grasp forces that have always existed but which never before were utilized, merely because the human mind had not yet reached the stage of development and intelligence that made those forces known and controllable.

During that period the thinkers have been the great workers, and almost without exception they have been independent thinkers, original thinkers. They have been rare, however, for with the many it seems to be more and more common to think as they dress, in the prevailing fashion; to think with the crowd; to accept what they hear some one say; to accept what they read in the newspapers; in fact, to accept without question, without real thought or investigation.

The world has moved very fast in the last quarter of a century; a large percentage of our population has been steadily employed and absorbed in its own particular work. Great discoveries and inventions and new methods of doing things have crowded upon one another with such rapidity that it is scarcely a matter of wonder that there has been lacking the amount of thought necessary to analyze properly the causes that have brought about the business conditions existing in our country to-day. Glittering generalities have been the order of the day. Few subjects are thoroughly considered.

It has been my good fortune to know a large number of men in many different walks of life—laboring men, salesmen, merchants, manufacturers, statesmen in public life and statesmen in business. I say “statesmen in business” because, in my opinion, such men are to-day performing a service for all the interests of the country that is more valuable than any other service that is being rendered.

In comparing these men one with another—in thinking of what their opportunities have been, what some have accomplished and what others have failed to accomplish, it is my belief that the difference between them is due largely to the quality and quantity of the thinking which they have done.

One of the greatest advantages in a college training is that the earnest student learns to think and to think straight; and in the business world, the present and the immediate future hold out opportunities for the real thinker such as never before existed.

Without doubt the changes that have been wrought in business methods in the United States in recent years have amounted to a business revolution. Scarcely any line of business is conducted to-day, or could be conducted to-day, along the same lines that it was twenty-five years ago. While these great changes have been in progress the country has prospered, its material wealth has vastly increased, labor has been employed almost constantly, has been better housed, better clothed, and wages have increased. This is particularly true of the last few years, during which period serious strikes and labor difficulties have been less frequent and a much better understanding between capital and labor seems to have been reached in many of our large enterprises. Taking the country and the people as a whole, progress would seem to have been made in the right direction. Coincident with all this has come the existence and development of large corporations, which have not, after all, brought ruin and disaster to the people, but instead have given to the business of the country a stability that is so necessary at times for its protection, and furthermore have made it possible to organize business—to systematize it, so as to save the waste and minimize failures.

What has caused these great changes in business methods? One would think, from much of the talk indulged in during recent years, that they have been brought about by the machi-

nations of a comparatively few men—evil-minded men, bent on self-aggrandizement, by methods that ultimately will ruin the entire country and pauperize the people; that these same evil-minded men, endowed by the Almighty with superior brains, would have accomplished their purpose but for the timely and courageous interference of worthy individuals who have made heroic, disinterested efforts to save the country from such ruin and disgrace. This view has certainly been thoroughly presented; no doubt presented often by people who have been honest in their belief in it, but, I venture to say, who have believed it because they did not think deeply enough, did not investigate, but accepted and acted on superficial study of causes.

I ask you to think, seriously, whether it has been so much the machinations of wicked men that have brought us where we are, or the inventions and discoveries of the age—inventions which, in themselves, have been acclaimed and applauded as great achievements. Were these inventions simply to be laid away on a shelf, or were they to be put to practical use? Was the long-distance telephone to be a plaything or a practical instrument of commerce? Why applaud the inventor and berate the user?

We would have no large business concerns and we would not be troubled with some of the business questions now engaging public attention if, with one sweep of the hand, the inventions and discoveries of the age could be wiped out of existence and we put back into the condition under which business had to be transacted about half a century ago.

I recently heard ex-Senator Davis, of West Virginia, make the statement that he had reached the age of seven years before a single mile of railroad had been built in the United States. Just think of it! In less time than has been spanned by the life of one human being, the United States has progressed to a point where it has over a quarter of a million miles of railroads connecting all parts of the country. About this same period came the application of steam to all manner of machinery in manufacturing lines; then followed electricity with its almost supernatural achievements; the telegraph, the cable, the telephone, typewriting machines, and countless other devices for expediting business, all substantially unknown when

Senator Davis was a boy. However able a business man of our forefathers' time might have been, he could not have begun to do what a business man of to-day can do, for he did not have the instruments with which to work that are now at hand. He had no train on which to travel; no telegraph wire, no cable, no telephone, no typewriter, no trolley car, no motor car.

However much a man living in New York in those days might have wanted to trade with people in Chicago, he could not have done it, for he could travel in a day only as far as a stage-coach could take him. He could communicate only by writing a letter with his own hand, sending it by stage, and getting a reply by the same method.

Not many years ago it was a very common thing to hear a man say, "I am from such and such a county." Whoever hears or speaks of counties nowadays? The passing of the ox-team and the coming of the horseless carriage have obliterated county lines. How long does a county last with a forty horse-power automobile whizzing along the road? The 20th Century Limited trains almost as effectually dispose of State lines. When you can leave New York late in the afternoon and be in Chicago early the following morning, one city is little more than a suburb of the other. And if the aeroplane becomes a practical thing, what will become of international lines? When a man can sit at his desk in Boston and talk to a man who is at his desk in Chicago, and close a business transaction without either man leaving his chair, each recognizing the other's voice, what matters it that there are three or four States separating their bodies? Their minds have met more quickly than could have been the case had they been in adjoining buildings twenty-five years ago. Electricity has emancipated the mind from the body and given it wings. It is the mind, not the body, that does business. Think of it! By placing a wire to one's ear the mind and the voice can fly to a distant city, do business there and return, and immediately go off to another city, do business there and return, and do this as many times in a day as occasion requires.

These marvelous changes apply to all phases of life. The farmer, only a few years ago, was isolated on his farm. He raised his produce and hauled it to the nearest town without knowing, when he left his farm, what he could get for it, being

more or less at the mercy of the storekeeper when he reached his market. Now the Free Rural Delivery brings him his daily paper, containing all the market quotations at home and abroad. In place of killing a dozen chickens, taking them to town by team, asking the storekeeper to buy them, and being forced to accept what the storekeeper is willing to give, he stays at home until the storekeeper calls him up by telephone and asks if he will do the storekeeper the favor of selling him a dozen chickens; and the farmer knows what price he is going to get before he kills. Having killed the chickens, he whisks them into town on a trolley car or in an automobile—thus saving, first, a long journey with a team; second, offering his articles around town and taking whatever price for them he can get, and, third, considerable time for work on the farm.

What a complete change, what an absolute reversal of the order of things in a handful of years! The attempt by humans to make laws that will nullify conditions that have come about through the conquest of the mysteries of nature will never succeed. One might just as well attempt to legislate against lightning. If this country does not want business done with the instruments that inventors and discoverers have placed in the hands of business men, then eradicate the causes, not the results. Begin by electrocuting Edison and Marconi; apprehend the Wright Brothers and put them behind the bars!

The trouble has not been in the new business methods adopted in recent years, but rather in the abuses that have crept into business—first, because of a selfish desire on the part of some to get an undue advantage which unusual opportunities under our new conditions have offered; second, because of mistakes which, in some cases, could have been avoided, and in other cases could not have been on account of the rapidity with which new devices and methods have been introduced in business.

A large percentage of our lawmakers have never been business men; scarcely any of our business men have ever been lawmakers. It has been like two hostile armies arrayed against each other. As the lawmakers have been the speechmakers, their side of the case has been constantly presented to the public. The business men have not been speechmakers, with but rare exceptions, and only in the last few years has anything

on their side of the case been said; and in this one-sided way the case has gone before the public.

It seems to me the trouble is that in altering old laws and in making new laws concerning trade conditions, legislators have not realized what has caused the great changes in the commercial world; they have considered results more than they have studied causes; they have not realized that a stupendous change, through natural causes, has been taking place; they do not see that, through natural causes, the world over, large business concerns are taking the place of small ones; for no one man, no firm, no small company, could provide the capital or the organization necessary to cope with the new conditions. On the other hand, business men, in many instances, have not been willing to have any new laws passed or any old laws altered; they have taken the position that business should be let entirely alone; that it was no affair of the public.

Then again, many laws have been drawn from the standpoint of the corporation being owned by its officers. This was a natural thing to do because such was generally the case in the beginning of corporate organization; but with the advent of the large corporations, it is no longer the case. Many companies now have so large a body of stockholders that the ownership is beyond any one man or small group of men. If you will but think about it you will see that this makes a very great difference in the situation.

When National banks were first instituted, one having a very few millions of deposits was regarded as a large concern. We now have National banks with deposits considerably over one hundred millions. Who has even thought of revoking such a bank's charter, legislating it out of business, smashing it up generally, because it has become so large? The laws governing National banks prescribe how they shall do business, and severely punish the officers—not the stockholders or depositors—if their business is not done according to such laws; but there has been no suggestion of limiting the amount of business they can do.

The people have witnessed abuses, glaring abuses in business methods. They have suffered under many of these for years, and have found no remedy. They have been told that these abuses came about largely because of the size to which certain

business enterprises had grown. For want of a better reason, and for lack of real thought, many have accepted that one. How un-American to be afraid of a thing because it is large! Who has been afraid of the United States as it has grown from 13 States to 46? Who has wanted a law restricting our population because it is approaching the one-hundred-million mark? The true American, he who thinks deeply, logically, has no such fear or belief. It isn't the size that he fears; it is the methods followed. He fears the management of a giant enterprise that is secretive, that does not respect public opinion, that does not realize that when its shares are owned by the public its managers are substantially public servants. He fears the methods of the blind pool—that is all. He wants to know, and he has a right to know, from disinterested third parties what is being done by a great business enterprise in which his money is invested, or which is handling a commodity that affects his daily life. The officers of great corporations should realize that such concerns are more nearly public institutions than private property. I firmly believe that substantial progress in this direction is being made. While the agitation of the last few years has been unfair and harmful in many instances, on the other hand it has set business men thinking; has awakened the business conscience, and has brought a new realization of the fact that it is as true of business as it is of the individual that there is no permanent success unless it be based upon integrity of character.

Let those of us who are in business be fair with the people and the people will be fair with us; let us see and accept the tendency of the times; let us realize our responsibilities, and our problems will be far easier of solution. If we believe that in our Republic the people's word is law, let us believe it in all things, and if the people have decided that the time has come to take a hand in how business shall be conducted, is it not plain business sense to meet the question at least halfway rather than fight it all the way? Politics has fought business and business has fought politics until both have been sorely wounded, and in the general scrimmage the public has had a pretty hard time and under the circumstances has been long-suffering and patient.

The real question is not "Shall we amend the Sherman Anti-Trust law?" but rather "Shall we restrict the use of steam and

electricity?" Electricity! What is it? We scarcely even know; we know not whence it came nor to what it is leading. We do know that it is the most dangerous, the most deadly instrument with which man has ever dealt. Then, to be consistent, why should we not legislate against its use under penalty of the jail? Why not? Because we have found that when properly controlled it is, notwithstanding its mighty power for harm, a great boon to humanity. Electricity in the hands of man is the creator of all modern corporations. Are we willing to admit that we cannot control any given corporation when we can control such a dangerous stranger as electricity? If a lot of good people will think a little more and talk a little less, if they will be logical, they will have to conclude that even a literal enforcement of the Sherman Anti-Trust Law would not accomplish their desires. What they really want, in order to actually attain their ends, is a new law which will make it a penal offense to use steam or electricity. Just a simple little law like that would put us out of all our present troubles. Indeed, what these same friends think they would do with our great concerns, if they could lay hands on them, is difficult to imagine.

I was recently impressed by a story I heard of a man who stood on the platform of a little station in an Indiana town waiting for a local train. Along came the 20th Century Limited, and as it passed the water-tank a dog rushed out and, barking furiously, chased it a few rods down the platform. The stranger turned to the station agent and said, "Does that dog do that often?" "Yes," answered the agent, "most every day." "Well," said the stranger, "I wonder if he expects ever to catch it?" "I don't know," replied the agent, "but I don't wonder so much about that, as what in thunder he thinks he would do with it if he ever did catch it."

Those who ask the public to invest money in an enterprise are in honor bound to give the public, at stated intervals, evidence that the business in question is ably and honestly conducted; and they should be not only willing but glad that some authority, properly constituted by our Government, should say to stockholders and the public, from time to time, that the management's reports and methods of business are correct. They should be willing to do this for their own relief of mind, since the responsibility of the management of a large corporation is so

great that the men in control should be glad to have it shared by proper public officials representing the people in a governmental capacity.

Giant corporations would be, not a menace, but a great public benefit, if managed under laws that would compel proper publicity and punish officers for improper methods.

How can this be done? Here is the problem for us all to think about. For my part, out of the multitude of suggestions there seems to be but one possible course, viz.: National control, accompanied by publicity. State control is impossible because steam and electricity have largely wiped out State lines in commercial undertakings.

A little over two years ago, in an address I made at Columbia College, I spoke in favor of governmental regulation and said: "We have at Washington a Supreme Court. Membership in that most honorable body is the goal of every aspiring lawyer. If, for distinguished service and ability, we honor lawyers by promoting them to decide our most difficult legal questions, why should we not honor our railroad men by promoting them to decide our most difficult railroad questions? For example: If we had at Washington a Railroad Board of Control, and that Board were composed of practical railroad men, would not membership in such a Board come gradually to be the goal of railroad men? And does any one, for a moment, think that if such a Board were composed of practical railroad men it would be especially partial to railroad interests? Certainly not. Once on such a Board a man could not fail to recognize the great responsibility and honor of the office and administer it for the best interests of the public and of the railroads at one and the same time. Thus the business man would merge into the public official, no longer controlled by the mere business view, and would act the part of a statesman, to the improvement of governmental administration and not to the lowering of its level."

Nothing since has occurred to change my views, and much has occurred to confirm the opinions then expressed. Properly regulated publicity will not injure any legitimate business undertaking and is, in itself, the greatest of all regulations and safeguards. It is in fact about all that the public wants; for, if at regularly stated intervals the public is furnished sufficient



information about a given business, public opinion will do the rest.

The question of how the business of this country shall be conducted in the future is, in its way, almost as great a question now as was the question of slavery prior to the war. Barring our trouble with Spain, for nearly half a century the United States has been free from war. No vital questions of statesmanship have confronted our people, and men of ability have gone largely into business enterprises. Owing to the new instruments for the conduct of business, a war has been raging the like of which was never before known in business affairs. In war it is not the long-range fighting that costs so dearly in human life; it is the struggle in the trenches. When the armies are fighting at long range no one can tell when the battle will be over, nor who will win, nor what the loss of life will be; but as the armies draw closer and closer together, the battle becomes fiercer, the destruction more deadly. When the men finally enter the trenches, the destruction is frightful and the end is near. When business men in New York were competing with business men in Chicago, in the days of the stage-coach, competition between the two cities did not do so much harm; but with the advent of the fast trains, the telegraph and the telephone, they got into each other's trenches, and the competition was indeed deadly. This is what has been happening in business in the United States, all owing to the agencies of steam and electricity, which have annihilated distance and made the world so small.

Some of us, who believe that some substitute must be found for the ruthless competition that is so deadly in close-range fighting in business, have been endeavoring to build a bridge from old methods to new, from barbarous competition to humane co-operation. Whether or not we will succeed and the structure safely carry, only time can tell. It may break, through faulty construction, or because vandals cut some of the strands. From either cause, many would be precipitated into the raging torrents; but with the continuation in use of the instruments with which business is now being conducted, of one thing we can be certain—the world must, the world will get across such a bridge, by peaceable and safe methods maybe, but in any event and at all hazards it will get across. For how can we applaud the

constant flooding of the world with inventions and devices for drawing it closer and closer together in business and social relations, and at the same time condemn the movement to get away from ruthless competition and adopt more co-operative methods?

If, as many of us believe, co-operation in business must take and is taking the place of ruinous competition; if it is better for capital, it must be better for the consumer and better for labor if it is to endure. I believe that he who thinks the problem out carefully, taking information from all sides, will be forced to the conclusion that the principle of co-operation must largely take the place of competition, and that co-operation in its healthiest, most useful form, can be much more effectively practiced by great corporations than small companies or firms—first, because the officers are more apt to regard themselves as servants and not as owners; second, because the relation of the great corporation to its labor is an entirely different relation from that of the small corporation or the firm to its labor, in that the officers of a great corporation instinctively lose sight of the interest of any one individual, and work for what is the broadest, most enduring interest of the many. This places the officers of the great corporation in a position where they can look upon all labor questions without bias, without any personal axe to grind, solely from the broadest possible standpoint of what is fair and right between the public's capital, which they represent, and the public's labor, which they employ. In short, they are so situated as to look upon all such matters from the point of view of an intelligent, well-posted and fair arbitrator. They are able to put into practice profit-sharing, benefit and pension plans that in fact, and not in theory only, give to labor on attractive terms an interest in the business to which labor is justly entitled.

Indeed, there is even hope that a corporation might, after all, have a soul, for one of this week's editorials in a New York evening newspaper, in commenting on a position recently taken by the United States Steel Corporation in regard to Sunday labor, concludes by saying: "It is encouraging proof that the modern enlightened business concern is rapidly acquiring that heart for its employees which it has far too often been without in the past."

It seems to me that the future has its choice of three methods: First, co-operation through the medium of corporations

with federal regulation and control; second, governmental ownership and management; third, socialism. Under the method of large corporations regulated and supervised by federal authority, with widely distributed ownership, and with labor interested in the business, you have all the safeguards and advantages that the most ardent advocate of governmental ownership could desire. In broadly distributed ownership among the public and labor, you distribute profits to the people, and retain for the benefit of the business that one great necessary factor which has done so much for American industry, viz., individual initiative. You leave to men the goal of achievement; you leave their ambition unhampered.

We can back and fill, we can talk and scold, we can threaten and abuse; yet there will be but one ultimate result, viz., progress and growth. We can delay the onward movement for a time—we can make it very costly; but, nevertheless, the movement will be onward as surely as the electric light followed the tallow candle.

Let American business enterprises grow and expand and embrace the earth if they can, provided only that their methods shall at all times be fair, honest and above-board.

You men of Harvard are facing rare opportunities. The period of your activities will be essentially one of mental endeavor and achievement. Whatever calling you choose, go at it with all your might and main; determine to master it thoroughly.

In the City of Washington, on the side of a brick building, in large letters, is the following sign: "Horses Shod by a Horse-shoer." Many times, as I have noticed this sign, I have said to myself: "That's what America needs to-day; horses shod by horseshoers—not by opticians or milliners."

There is a sad lack of men thoroughly equipped in their respective callings. We need specialists in business as well as in medicine. A high order of ability in each and every calling was never so much in demand as it is to-day. The greater our country becomes and the greater our institutions become, the better equipped and the greater and broader-minded must our men become. Institutions and affairs do not just grow, like Topsy; they are only as great, only as strong, only as useful, as men make them. I know of no statement so fallacious as the

one that opportunities for young men to-day are circumscribed. Exactly the contrary is the case. Men of affairs everywhere are searching for men of ability, men who can think straight and work hard.

Many of you young men will have independent incomes, whether you **work** or not. What an opportunity this affords you to select, not necessarily the calling in which you can make the most money, but the calling in which you can be the most useful. For the man who already has a competency there is something far more worth while in life than merely making money. I firmly believe that every citizen should, in some way, perform some public service, and somewhere between the work in your neighborhood and in the nation, if you will think about it and look for it, you will find a service that you can perform, and, having an independent income, can do it fearlessly. Think what a tremendous effect even one hundred clear-eyed, straightforward, fearless young men, who knew in advance that their living was assured, could have on the destinies of the United States in the next quarter of a century, if each would take up his life-work in this spirit! Very few of the men who left college forty years ago could look at the future in such a way. Their first thought had of necessity to be the making of a living. Think of the difference, and think what a difference it can make in the future of our country if proper advantage is taken of it.

Do not accept somebody's superficial conclusions for your conviction. Keep your mind open for the developments of the future. Remember the mighty progress of the past twenty-five years. The college-trained mind is too apt to think by precedent, by what has been done, and, in a period when the world is moving with such tremendous momentum, this is a dangerous mental process. Keep your mind open to the oncoming events. Do not be content to think just what somebody else has thought. Give your own mind a chance. Reach out into the future, remembering that nothing in this world stands still; everything moves—either backward or forward. See the faults that exist, and in them see your opportunities for improvement. Is it thinkable, for even a fraction of a second, that the limit of the human mind has been reached? More has been done by that

brain in the last twenty-five years, for progress, than in any preceding one hundred years, and the young men of to-day are the descendants of such brains. What an inspiration for the future! Be an optimist. Believe in the United States, in its institutions, in its business, and in its men.

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